

Toll Bridge Seismic Retrofit Funding History and Options

LEGISLATIVE ANALYST'S OFFICE

Presented To:

Assembly Budget Subcommittee No. 5

Hon. Pedro Nava, Chair





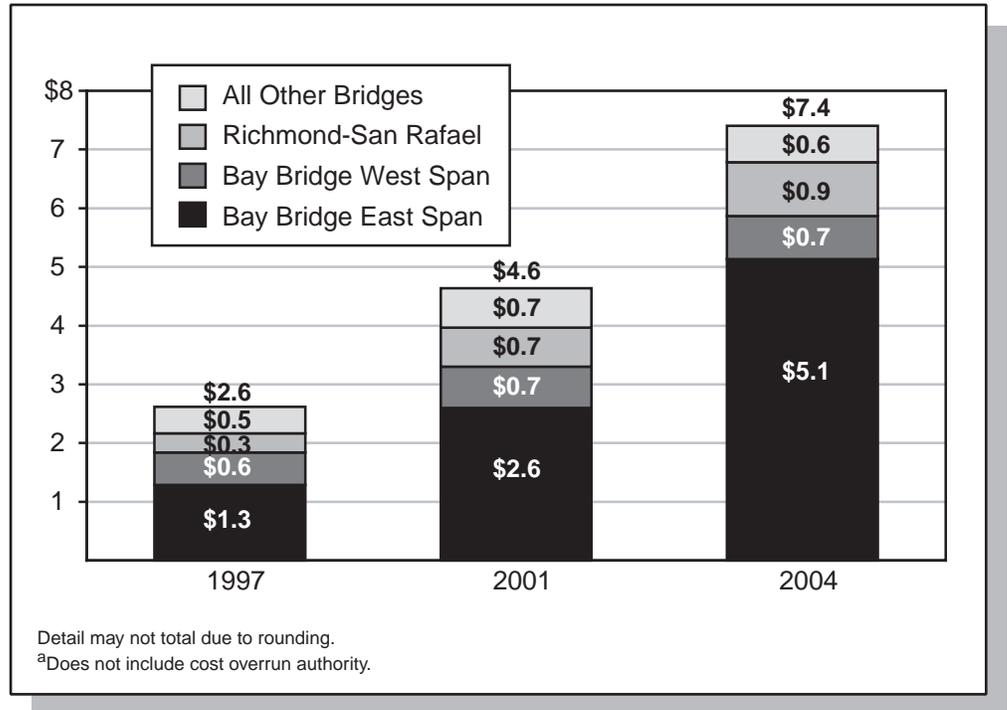
Toll Bridge Seismic Retrofit Costs Continue to Increase

- ☑ **1996:** Proposition 192 provided *\$650 million* for toll bridge seismic retrofit.
- ☑ **1997:** SB 60 and SB 226 (Kopp) provided *\$2.6 billion* for the program.
- ☑ **2001:** AB 1171 (Dutra) authorizes up to *\$5.1 billion* for the program. This is current law.
- ☑ **2004:** Caltrans' latest estimate is *\$8.3 billion* for the entire program. Additional funding must be provided to complete the toll bridge seismic retrofit program.



Caltrans' Toll Bridge Seismic Retrofit Cost Projections

(In Billions)

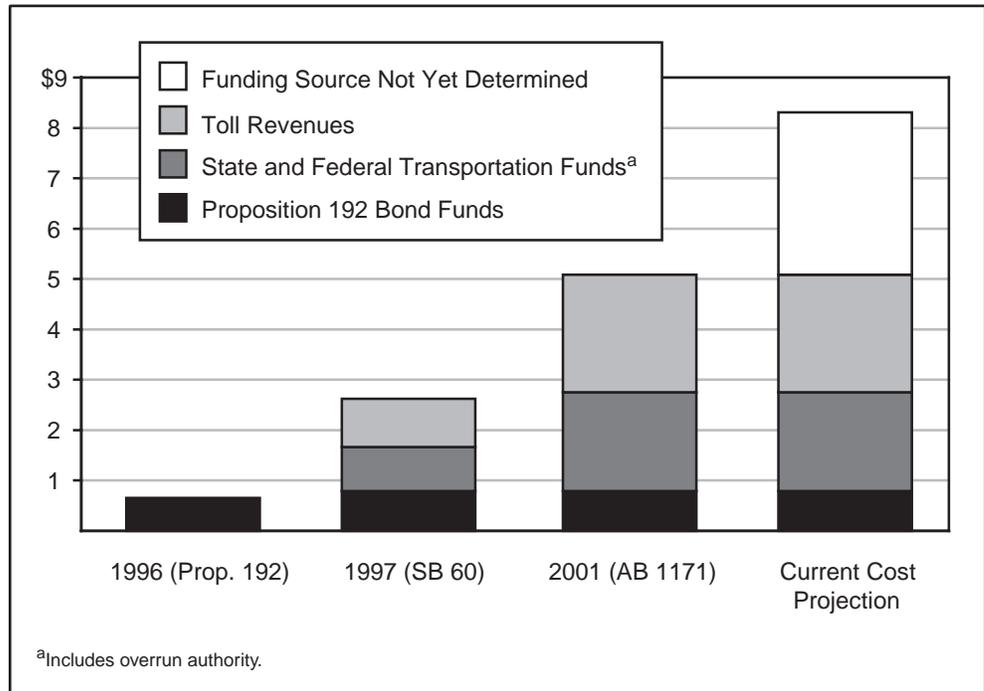


- Most of the program's cost increases have been on the Bay Bridge East Span. Estimated East Span costs have increased *300 percent* between 1997 and 2004, from \$1.3 billion to \$5.1 billion.
- Cost estimates for the Richmond-San Rafael Bridge have also increased significantly over the same period, rising *178 percent*, from \$329 million to \$914 million.
- Changes in cost estimates for the rest of the bridges in the program have been relatively minor, rising 35 percent between 1997 and 2004.



Toll Bridge Seismic Retrofit Funding Sources Over Time

(In Billions)



- In 1996, Proposition 192 dedicated \$650 million in general obligation bond funds to toll bridge seismic retrofit (and \$1.35 billion to the retrofit of other bridges).
- In 1997, SB 60 added \$875 million in state transportation funds and \$907 million from a temporary \$1 toll increase. It also raised the Proposition 192 bond fund share to \$790 million.
- In 2001, AB 1171 increased the toll funding share to \$2.3 billion. It also increased the share of funding from state-controlled transportation funds to \$2 billion by adding federal bridge funds and providing funding for contingencies.
- What the Legislature must now decide is how to fund the additional \$3.22 billion in estimated costs.



Potential Primary Sources for Additional Toll Bridge Funding

- ***Increase Gas Tax Revenue.*** Puts burden on all drivers in state, does not impact other transportation projects.
- ***Bond Against Increased Toll Revenue.*** Puts burden on users of Bay Area bridges, does not impact other transportation projects.
- ***Bond Against Existing Gas Tax Revenue.*** Reduces funding for transportation projects statewide. Need for voter approval would delay funding availability.
- ***Bond Against Future Federal Revenue.*** Reduces funding for transportation projects statewide.
- ***Issue General Obligation Bond.*** Increases General Fund debt service costs, putting additional cost pressure on nontransportation programs. Need for voter approval would delay funding availability.
- ***Use Near-Term State Transportation Funding.*** Severely reduces funding for transportation projects statewide.



Potential Secondary Sources for Additional Toll Bridge Funding

- ***Refinance Existing Toll Bonds.*** Consolidates all toll bridge financing under Bay Area Toll Authority. May free up \$400 million to \$500 million with little downside effect.
- ***Redirect Toll Money Used for Other Purposes.*** Reduces funding for specific Bay Area transportation projects to generate \$550 million.
- ***Extend Existing Seismic Surcharge.*** Extends surcharge for an additional ten years to generate \$150 million bonding capacity.
- ***Delay Funding for Old East Span Demolition.*** Recognizes funding for demolition not needed for more than five years, delaying about \$300 million in future costs.



Legislature Should Anticipate Additional Overruns

- Caltrans' latest cost estimate assumed that they would award the contract to construct the main span of the Bay Bridge East Span in September 2004. When a contract is finally awarded, the costs will be different.
- If program funding is capped as in previous statutes, the Legislature may have to revisit this issue in the future.
- Most transportation projects do not have statutory funding caps, but instead make project sponsors pay for any significant cost increases.
- The toll bridge seismic retrofit program could be treated in the same way, by providing that future cost overruns come out of Caltrans' budget.